

DUKE ENERGY PROGRESS, LLC
DOCKET 2018-318-E
Excess Deferred Income Tax Rider (EDIT) Revenue Requirement - Year 3
FOR THE TEST PERIOD ENDED December 31, 2020
SOUTH CAROLINA RETAIL
(Dollars in thousands)

Line	Description	Federal EDIT -					
		Federal EDIT - Protected SC Retail	Federal EDIT - Unprotected, PP&E related SC Retail	Federal EDIT - Unprotected, non PP&E related SC Retail	Deferred Revenue SC Retail	NC EDIT SC Retail	Total SC Retail
		(A)	(B)	(C)	(D)	(E)	(F)
1	Regulatory liability including gross up for Year 2 Rider calculation	[1] \$ (139,081)	\$ (55,415)	\$ (6,094)	\$ (12,303)	\$ (47)	\$ (212,941)
2	Gross Up Adjustment Due to Change in Composite Tax Rate	[2] 67	27	3	-	-	97
3	Adjusted balance before amortization (L1 + L2)	\$ (139,015)	\$ (55,388)	\$ (6,091)	\$ (12,303)	\$ (47)	\$ (212,844)
4	Amortization (includes 7 months of actual and 5 months of projected)	[3] 7,544	2,915	1,523	6,152	47	18,181
5	Regulatory liability including gross up for Year 3 Rider calculation (L3 + L4)	\$ (131,470)	\$ (52,473)	\$ (4,568)	\$ (6,152)	\$ -	\$ (194,663)
6	ARAM rate	[2] 4.95%					
7	Remaining Amortization Period	17.79	18	3	1	-	
8	Annual amortization amount	[4] \$ (7,544)	\$ (2,915)	\$ (1,523)	\$ (6,152)	\$ -	\$ (18,134)

Notes:

- [1] Docket No. 2018-318-E, Excess Deferred Income Tax Rider (EDIT) Revenue Requirement - Year 2, Exhibit 1, Page 1, Line 9
- [2] Provided by the Tax Department
- [3] Per book amortization June 2020 - December 2020 plus projected amortization Jan 2021 - May 2021
- [4] Annual amortization for protected is actual and project amortization (Line 4). Annual amortization for remaining categories is regulatory liability for Year 3 (Line 5) divided by remaining amortization period (Line 7)

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Line	Cost of Capital per Compliance Exhibit 1	Ratio	Rate	After Tax Weighted Average Cost of Capital (WACC)
1	Debt	47.00%	4.16%	1.47%
2	Equity	53.00%	9.50%	5.04%
3				6.51%
4	Statutory Tax Rate SC-0104 - 2017 Tax Rate, Line 10			24.95%
5	Retention factor for SC license tax, PSC Utility Assessment Fee			99.47%

Annual Rider Calculation

Amortization - From Page 1, L8

Line	Year	Beginning Balance, Page 1, L4	Federal EDIT - Protected	Federal EDIT - Unprotected, PP&E related	Federal EDIT - Unprotected, non PP&E related	Deferred Revenue	NC EDIT	Total Amortization (G) = (B)+(C)+(D)+(E)+(F)	Ending Balance before Return (H) = (A) - (G)	Average of Beginning and Ending Balance (I) = ((A) + (H)) / 2	EDIT Balance in Base Rates [1] (J)	Change in Regulatory Liability for Rider Return (K) = (I) - (J)	Return for Rider (L) = (K) x After Tax WACC	True-up for sales volume [2] (M)	Rider Revenues (N) = (G) + (L) + (M)	Rider Revenues incl. SC license Tax, PSC Utility Assessment Fee (N) = (M) / Retention Factor
		(A)	(B)	(C)	(D)	(E)	(F)									
6	Jun 19-May 20	(219,924)	(5,432)	(2,913)	(955)	(2,987)	(1,140)	(13,425)	(206,499)	(\$213,212)	(222,870)	\$9,658	\$629	\$0	(12,797)	(12,854)
7	Jun 20-May 21	(212,941)	(5,447)	(2,917)	(1,524)	(6,152)	(47)	(16,086)	(196,855)	(\$204,898)	(222,870)	\$17,972	\$1,170	187	(14,729)	(14,803)
8	Jun 21-May 22	(194,663)	(7,544)	(2,915)	(1,523)	(6,152)	-	(18,134)	(176,530)	(\$185,596)	(222,870)	\$37,273	\$2,426	(426)	(16,133)	(16,220)
9	Jun 22-May 23	(176,530)	(7,544)	(2,915)	(1,523)	-	-	(11,982)	(164,548)	(\$170,539)	(222,870)	\$52,331	\$3,407	-	(8,575)	(8,621) [3]
10	Jun 23-May 24	(164,548)	(7,544)	(2,915)	(1,523)	-	-	(11,982)	(152,565)	(\$158,556)	(222,870)	\$64,313	\$4,187	-	(7,795)	(7,837) [3]

[1] Docket No. 2018-318-E, Compliance Exhibit 3 (Directive), Page 1, Line 1

[2] Docket No. 2018-318-E, Excess Deferred Income Tax Rider (EDIT) Revenue Requirement - Year 3, Exhibit 2, Page 1, Line 17

[3] The rider amounts for years 4 and 5 are shown for illustrative purposes only. Actual rider amounts will be filed each year with updates discussed in Bateman testimony by March 31 for Commission approval.

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FOR THE TEST PERIOD ENDED December 31, 2020
SOUTH CAROLINA RETAIL
(Dollars in thousands)

True Up for Actual Sales Volume January 2020 - May 2020

Line Description		General		General		General		General		Traffic		Sports		Total SC
		Residential	Small	Service -	Service - SGS	Service -	Service -	Service -	Service -	Signal	Lighting	Field	Seasonal	
1 Rider EDIT-1 (SC) decrement rate (\$/mWh)	[1]	(2.92)	(3.56)		(2.91)	(1.84)		(1.16)		(2.77)	(4.88)	(3.61)	(2.60)	
2 Total Year 1 EDIT Rider Revenues	[2]	\$ (12,854)	\$ (12,854)	\$	(12,854)	\$ (12,854)	\$ (12,854)	\$ (12,854)	\$ (12,854)	\$ (12,854)	\$ (12,854)	\$ (12,854)	\$ (12,854)	
3 Total Year 1 Federal EDIT Protected Amortization	[3]	\$ (5,432)	\$ (5,432)	\$	(5,432)	\$ (5,432)	\$ (5,432)	\$ (5,432)	\$ (5,432)	\$ (5,432)	\$ (5,432)	\$ (5,432)	\$ (5,432)	
4 Rider EDIT-1 (SC) decrement rate, excluding Protected (\$/mWh) (1 - L3 / L2) * L1)		(1.68611)	(2.05567)		(1.68034)	(1.06248)		(0.66982)		(1.59949)	(2.81788)	(2.08454)	(1.50133)	
5 Mwh sales (January 1, 2020 - May 31, 2020)	[4]	778,681	88,208		2,357	580,548		846,402		798	31,763	35	3,864	
6 Actual EDIT decrement rider revenue (L4 * L5 / 1,000)		\$ (1,313)	\$ (181)	\$	(4)	\$ (617)	\$	(567)	\$	(1)	\$ (90)	\$ (0)	\$ (6)	\$ (2,779)
7 Per books amortization, excluding Protected, plus rider return	[5]													\$ (3,093)
8 Year 1 true-up (L7 - L6)														\$ (314)

True Up for Actual Sales Volume June 2020 - December 2020

Line Description														
9 Rider EDIT-1 (SC) decrement rate (\$/mWh)	[6]	(3.49)	(4.02)		(2.79)	(1.90)		(1.19)		(2.62)	(8.65)	(5.56)	(2.11)	
10 Total Year 1 EDIT Rider Revenues	[7]	\$ (14,803)	\$ (14,803)	\$	(14,803)	\$ (14,803)	\$ (14,803)	\$ (14,803)	\$ (14,803)	\$ (14,803)	\$ (14,803)	\$ (14,803)	\$ (14,803)	
11 Total Year 1 Federal EDIT Protected Amortization	[8]	\$ (5,447)	\$ (5,447)	\$	(5,447)	\$ (5,447)	\$ (5,447)	\$ (5,447)	\$ (5,447)	\$ (5,447)	\$ (5,447)	\$ (5,447)	\$ (5,447)	
12 Rider EDIT-1 (SC) decrement rate, excluding Protected (\$/mWh) (1 - L11 / L10) * L9)		(2.20579)	(2.54076)		(1.76337)	(1.20086)		(0.75212)		(1.65592)	(5.46707)	(3.51409)	(1.33359)	
13 Mwh sales (June 1, 2020 - December 31, 2020)	[4]	1,197,637	147,903		3,388	933,379		1,261,978		1,169	43,682	76	8,193	
14 Actual EDIT decrement rider revenue (L12 * L13 / 1,000)		\$ (2,642)	\$ (376)	\$	(6)	\$ (1,121)	\$	(949)	\$	(2)	\$ (239)	\$ (0)	\$ (11)	\$ (5,345)
15 Per books amortization, excluding Protected, plus rider return	[9]													\$ (5,457)
16 Year 1 true-up (L15 - L14)														\$ (112)
17 Total Year 2 true-up (L8 + L16)														\$ (426)

Notes:

- [1] SC Rider EDIT-1, effective for service rendered on and after June 1, 2019 through May 31, 2020
[2] Docket No. 2018-318-E, Excess Deferred Income Tax Rider (EDIT) Revenue Requirement - Year 3, Exhibit 1, Page 2, L6, Column (N)
[3] Docket No. 2018-318-E, Excess Deferred Income Tax Rider (EDIT) Revenue Requirement - Year 3, Exhibit 1, Page 2, L6, Column (B)
[4] Provided by Accounting
[5] Docket No. 2018-318-E, Excess Deferred Income Tax Rider (EDIT) Revenue Requirement - Year 3, Exhibit 1, Page 2, L6, (Column (N) less Column (B)) / 12 * 5
[6] SC Rider EDIT-1A, effective for service rendered on and after June 1, 2020 through May 31, 2021
[7] Docket No. 2018-318-E, Excess Deferred Income Tax Rider (EDIT) Revenue Requirement - Year 3, Exhibit 1, Page 2, L7, Column (N)
[8] Docket No. 2018-318-E, Excess Deferred Income Tax Rider (EDIT) Revenue Requirement - Year 3, Exhibit 1, Page 2, L7, Column (B)
[9] Docket No. 2018-318-E, Excess Deferred Income Tax Rider (EDIT) Revenue Requirement - Year 3, Exhibit 1, Page 2, L7, (Column (N) less Column (B)) / 12 * 7

Duke Energy Progress, LLC
SCPSC Docket No. 2018-318-E
Exhibit No. 3
Derivation of Excess Deferred Income Tax Rider EDIT Rates - Year 3
For Test Period Ended December 31, 2020

Rate Class	Revenue Requirement ¹	Annual kWh Billing Determinants ²	Proposed Rates - Year 3 (\$/kWh)	Current Rates - Year 2 (\$/kWh)
(a)	(b)	(c)	(d) = (b) / (c)	(e)
1 Residential	(\$7,639,805)	1,976,318,252	(\$0.00387)	(\$0.00349)
2 General Service - Small	(\$1,125,425)	236,111,440	(\$0.00477)	(\$0.00402)
3 General Service - SGS-TOU-CLR	(\$21,426)	5,745,041	(\$0.00373)	(\$0.00279)
4 General Service - Medium	(\$3,538,874)	1,513,927,171	(\$0.00234)	(\$0.00190)
5 General Service - Large	(\$3,006,437)	2,108,380,043	(\$0.00143)	(\$0.00119)
6 Traffic Signal Service	(\$12,287)	1,966,910	(\$0.00625)	(\$0.00262)
7 Lighting	(\$818,393)	75,444,723	(\$0.01085)	(\$0.00865)
8 Sports Field	(\$1,107)	110,108	(\$0.01006)	(\$0.00556)
9 Seasonal	(\$55,978)	12,056,951	(\$0.00464)	(\$0.00211)
10 Total Retail	(\$16,219,732)	5,930,060,639		

¹ Revenue Requirement is provided in Exhibit No. 4

² SC Annual Billed kWh Sales were provided in CIM Report RMC1Y.

DUKE ENERGY PROGRESS, LLC
SCPSC Docket 2018-318-E
Exhibit No. 4
South Carolina Retail
Excess Deferred Income Tax Rider EDIT Allocation - Year 3

Rider Amortization \$: \$ (16,219,732)

<u>Rider Rate by Customer Class</u>		ADIT per 2019 PB		Allocated at ADIT
	2020 Billed kWhrs	COS		
		\$		\$
(a)	(b)	(c)		(d)
¹ RES	1,976,318,252	\$ (113,153,734)	\$	(7,639,805)
² SGS	236,111,440	\$ (16,668,757)	\$	(1,125,425)
³ SGSCLR	5,745,041	\$ (317,344)	\$	(21,426)
⁴ MGS	1,513,927,171	\$ (52,414,531)	\$	(3,538,874)
⁵ LGS	2,108,380,043	\$ (44,528,570)	\$	(3,006,437)
⁶ SI	12,056,951	\$ (829,096)	\$	(55,978)
⁷ TSS	1,966,910	\$ (181,978)	\$	(12,287)
⁸ LIGHTING	75,444,723	\$ (12,121,274)	\$	(818,393)
⁹ SFL	110,108	\$ (16,398)	\$	(1,107)
¹⁰ Total	5,930,060,639	\$ (240,231,682)	\$	(16,219,732)